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State of Montana  
Office of the Legislative Auditor

**REPORT TO THE LEGISLATURE**

**OFFICE OF POLITICAL PRACTICES**

Financial-Compliance Audit Report  
For the Two Fiscal Years June 30, 1986

This report contains three recommendations for improvement of the office's operations. The major items addressed in the report concern:

- overspending General Fund appropriation.
- spending General Fund moneys before non-General Fund moneys.

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## **FINANCIAL-COMPLIANCE AUDITS**

Financial-compliance audits are conducted by the Office of the Legislative Auditor to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations which could have a significant financial impact. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office.

Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

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SCOTT A. SEACAT  
LEGISLATIVE AUDITOR

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL  
HELENA, MONTANA 59620  
406/444-3122

DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET  
FINANCIAL-COMPLIANCE AUDITS  
JIM PELLEGRINI  
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY

February 1987

The Legislative Audit Committee  
of the Montana State Legislature:

This is our financial-compliance audit report on the Office of Political Practices for the two fiscal years ending June 30, 1986. Included in this report are three recommendations. The first concerns overspending of the General Fund appropriation; the second concerns spending General Fund money before non-General Fund money; and the third concerns the failure to submit annual reports to the Governor and Legislature. The office's responses are located at the end of the report.

We thank the commissioner and her staff for their assistance and cooperation.

Respectfully submitted,

Scott A. Seacat  
Legislative Auditor



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Office of the Legislative Auditor

OFFICE OF POLITICAL PRACTICES

Financial-Compliance Audit  
For the Two Fiscal Years Ended June 30, 1986

Audit staff involved in this audit include: Julie Barr, Wayne Kedish, Shari Scoles, and Brian Zwang.



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APPOINTIVE OFFICIAL

OFFICE OF THE COMMISSIONER OF POLITICAL PRACTICES

Peg Krivec, Commissioner

through December 31, 1986

Dolores Colburg, Commissioner

effective January 1, 1987

## SUMMARY OF RECOMMENDATIONS

This listing serves as a means of summarizing the recommendations contained in the report and the audited agency's reply. The major issues address the concern of overspending a General Fund appropriation and spending General Fund moneys before non-General Fund moneys.

|   | <u>Page</u> |
|---|-------------|
| <u>Recommendation #1</u>  |             |
| The office:   |             |
| A. Charge expenditures against the proper fiscal year appropriation.  | 3           |
| Agency Response: Concur. See page 15.   |             |
| B. Monitor its budget and adjust spending to avoid overspending appropriations.   | 3           |
| Agency Response: Concur. See page 15.   |             |
| <u>Recommendation #2</u>  |             |
| The office:   |             |
| A. If necessary, submit budget amendments to transfer spending authority from the General Fund to the Special Revenue Fund in accordance with appropriation laws. | 4           |
| Agency Response: Concur. See page 15.   |             |
| B. Ensure non-General Fund money is expended before using the General Fund moneys in accordance with state law.   | 5           |
| Agency Response: Concur. See page 15.   |             |
| <u>Recommendation #3</u>  |             |
| The commissioner submit the reports to the Legislature and Governor as required by state law.   | 5           |
| Agency Response: Concur. See page 15.   |             |



## GENERAL

We performed a financial-compliance audit of the Office of the Commissioner of Political Practices for the two fiscal years ended June 30, 1986. The objectives of the audit were to:

1. determine if the office complied with applicable laws and regulations;
2. make recommendations for the improvement in the management and internal controls of the office; and
3. determine if the office's financial schedules present fairly the results of operations for the two fiscal years then ended.

This report contains three recommendations to the office. Other areas of concern deemed not to have a significant effect on the successful operations of the Office of the Commissioner of Political Practices programs are not specifically included in the report, but have been discussed with management.

We noted the documented use of state telephones for personal long distance telephone calls by office employees. This resulted in the Commissioner reimbursing the state for \$2,290 in August of 1986. As required by section 5-13-304, MCA, we referred this matter to the Governor and Attorney General.

In accordance with section 5-13-307, MCA, we analyzed and disclosed the costs, if significant, of implementing recommendations.

## BACKGROUND

The Office of the Commissioner of Political Practices was created by the 1975 Legislature. The commissioner is appointed for a six-year term by the governor, subject to confirmation by a senate majority. A four-member selection committee comprised of the Speaker of the House, the President of the Senate, and the minority floor leaders of both houses of the legislature submit a list to the governor of two to five names of individuals for consideration.

The primary duties of the commissioner include:

1. Monitoring disclosures of financial contributions to and expenditures of Montana political committees and candidates.
2. Registering lobbyists and their principals' financial reports.
3. Investigating all alleged violations of the state's election laws.

The office was authorized the following full-time employees and appropriation:

|                      | <u>Fiscal Year</u><br><u>1984-85</u> | <u>Fiscal Year</u><br><u>1985-86</u> |
|----------------------|--------------------------------------|--------------------------------------|
| FTE                  | 5                                    | 4.75                                 |
| General Fund         | \$141,412                            | \$144,935                            |
| Special Revenue Fund | 750                                  | 1,284                                |

The office is attached to the Office of the Secretary of State for administrative purposes.

#### PRIOR AUDIT RECOMMENDATIONS

The audit of the Office of the Commissioner of Political Practices for the two fiscal years ended June 30, 1984, was performed by our office. The report contained one recommendation still applicable to the office. The office did not implement this recommendation and it is discussed in the following section of this report.

#### PRIOR YEAR EXPENDITURES

Near the end of fiscal year 1984-85 the office improperly recorded \$3,040 of its current expenditures against its fiscal year 1983-84 General Fund appropriation and \$500 against its Special Revenue Fund appropriation. State accounting policy allows agencies

to charge valid prior year obligations against the remaining balance of a prior year appropriation for one fiscal year following the expiration of the appropriation. Because the office recorded fiscal year 1984-85 expenditures against its prior year appropriation, it was not in compliance with state accounting policy.

Section 17-8-103, MCA, states that it is unlawful to expend in excess of legislative appropriation. If the office had charged the fiscal year 1984-85 expenditures against the proper appropriation, as required by state accounting policy, it would have overspent its fiscal year 1984-85 General Fund appropriation by \$2,731 and Special Revenue Fund appropriation by \$491.

The Schedule of Budgeted Program Expenditures by Object and Fund on page 10 of this report indicates the office had \$621 of unspent General Fund budget authority after fiscal year 1984-85. However, this includes \$311 of unspent authority specifically designated for audit costs. Therefore, the office had only \$310 of unspent appropriation authority remaining for other expenditures.

The commissioner indicated the office charged the expenditures against the prior year appropriation to avoid overspending of the fiscal year 1984-85 appropriation. She said the office was placed in a position of overspending its appropriation because personal service expenditures were larger than anticipated. The office should periodically monitor its budget in order to anticipate budget shortfalls and adjust spending levels accordingly.

RECOMMENDATION #1

WE RECOMMEND THE OFFICE:

- A. CHARGE EXPENDITURES AGAINST THE PROPER FISCAL YEAR APPROPRIATION.
- B. MONITOR ITS BUDGET AND ADJUST SPENDING TO AVOID OVERSPENDING APPROPRIATIONS.

NON-GENERAL FUND MONEYS

The office has a Special Revenue Fund to account for moneys collected from photocopies it makes. The office only charges the

paper and supplies for the photocopier to this fund. At fiscal year-end 1984-85, the office had cash and a fund balance in its Special Revenue Fund of \$303 and unspent appropriation authority of \$9. At fiscal year-end 1985-86, the office had cash and a fund balance in the Special Revenue Fund of \$519 and unspent appropriation authority of \$1,236.

Section 17-2-108, MCA, requires agencies to expend non-General Fund money before using General Fund appropriations. In situations where the agency receives moneys in excess of the Special Revenue Fund appropriation authority, House Bill 500, Laws of 1985, requires the agency to submit a budget amendment to reduce its General Fund appropriation and increase its Special Revenue Fund appropriation by the amount of the excess. This allows agencies to comply with state law and expend its non-General Fund moneys before its General Fund.

The office could charge other expenditures to this fund. In fiscal year 1984-85 the office should have submitted a budget amendment to reduce its General Fund appropriation and increase its Special Revenue Fund appropriation by \$294. The office should then have charged an additional \$303 of expenditures to the Special Revenue Fund in order to spend the remaining money in the Special Revenue Fund.

In fiscal year 1985-86, the office had spending authority remaining in the Special Revenue Fund. It should have charged an additional \$216 of expenditures to the Special Revenue Fund in order to use remaining money in the Special Revenue Fund.

#### RECOMMENDATION #2

##### WE RECOMMEND THE OFFICE:

- A. IF NECESSARY, SUBMIT BUDGET AMENDMENTS TO TRANSFER SPENDING AUTHORITY FROM THE GENERAL FUND TO THE SPECIAL REVENUE FUND IN ACCORDANCE WITH APPROPRIATION LAWS.

B. ENSURE NON-GENERAL FUND MONEY IS EXPENDED BEFORE USING THE GENERAL FUND MONEYS IN ACCORDANCE WITH STATE LAW.

ANNUAL REPORTS

Section 13-37-120, MCA, requires the commissioner to submit, at the close of each fiscal year, a report to the legislature and the governor. The report shall contain any actions the commissioner has taken, the names, salaries, and duties of each individual in her employ, as well as the money she has disbursed. The commissioner shall also make further reports on the matters within her jurisdiction that the legislature may prescribe and shall also make recommendations for further legislation that may appear desirable.

These reports were not submitted in fiscal years 1984-85 and 1985-86. The commissioner stated the office had been complying with a memo issued by the Governor's Office several years ago. The memo stated that to cut down on the amount of paperwork, it was no longer necessary to submit the reports to the governor.

RECOMMENDATION #3

WE RECOMMEND THE COMMISSIONER SUBMIT REPORTS TO THE LEGISLATURE AND GOVERNOR AS REQUIRED BY STATE LAW.



AUDITOR'S OPINION LETTER  
AND AGENCY FINANCIAL SCHEDULES

## SUMMARY OF AUDIT OPINION

The financial schedules are prepared from the Statewide Budgeting and Accounting System without adjustments for errors noted during the audit. The auditor's opinion issued in this report is intended to convey to the reader of the financial schedules the degree of reliance that can be placed on the amounts presented.

The qualified opinion on the Schedule of Budgeted Program Expenditures by Object and Fund for the fiscal year ending June 30, 1985, and the Schedule of Changes in Fund Balances for the two fiscal years ended June 30, 1986, means the reader of the financial schedules should be cautious when using this financial information. These schedules are misstated because, during fiscal year 1984-85, the office improperly charged current year expenditures as fiscal year 1983-84 expenditures. In addition, the office overspent its fiscal year 1984-85 General Fund appropriation. These items are described in paragraphs three and four of the opinion letter on page 6.

The unqualified opinion on the Schedule of Budgeted Revenues - Estimate and Actual for the two fiscal years ending June 30, 1986, and the Schedule of Budgeted Program Expenditures by Object and Fund for the fiscal year ending June 30, 1986, means the reader of the financial schedules may rely on the fairness of the information presented.

STATE OF MONTANA

Office of the Legislative Auditor



STATE CAPITOL  
HELENA, MONTANA 59620  
406/444-3122

SCOTT A. SEACAT  
LEGISLATIVE AUDITOR

DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET  
FINANCIAL COMPLIANCE AUDITS

JIM PELLEGRINI  
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY

The Legislative Audit Committee  
of the Montana State Legislature:

We have examined the financial schedules of the Office of the Commissioner of Political Practices for each of the two fiscal years ended June 30, 1985 and 1986, as shown on pages 8 through 13. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 1 to the financial schedules, the office's financial schedules are prepared in accordance with state accounting policy. Accordingly, the accompanying financial schedules are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In fiscal year 1984-85, the office charged \$3,040 of current year expenditures as fiscal year 1983-84 expenditures. This resulted in a \$3,040 understatement of supplies and materials on the Statement of Budgeted Program Expenditures by Object and Fund for the fiscal year ended June 30, 1985. This also resulted in the office overspending its General Fund appropriation by \$2,731.

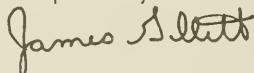
During fiscal year 1984-85 the office abated \$3,689 of current year supplies and materials expenditures and charged them to fiscal year 1983-84. This resulted in a \$3,689 understatement of supplies and material expenditures on the Statement of Budgeted Program Expenditures by Object and Fund for the Fiscal Year

Ended June 30, 1985 and an overstatement of prior year expenditures on the Statement of Changes in Fund Balance for the Fiscal Year Ended June 30, 1985.

In our opinion, except for the effect of the matter discussed in paragraphs three and four, the Schedule of Budgeted Program Expenditures by Object and Fund for the Fiscal Years Ended June 30, 1985, and the Schedule of Changes in Fund Balances for the Two Fiscal Years Ended June 30, 1986, present fairly the results of operations of the Office of the Commissioner of Political Practices, in conformity with the basis of accounting described in Note 1, which has been applied on a consistent basis.

In our opinion, the Schedule of Budgeted Revenues - Estimate and Actual for the two fiscal years ended June 30, 1986, and the Schedule of Budgeted Program Expenditures by Object and Fund for the fiscal year ending June 30, 1986, present fairly the results of operations of the Office of the Commissioner of Political Practices, in conformity with the basis of accounting described in Note 1, which has been applied on a consistent basis.

Respectfully submitted,



James Gillett, CPA  
Deputy Legislative Auditor

December 10, 1986

COMMISSIONER OF POLITICAL PRACTICES  
SCHEDULE OF CHANGES IN FUND BALANCES  
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1986

|                                       | General<br>Fund | Special<br>Revenue<br>Fund |
|---------------------------------------|-----------------|----------------------------|
| FUND BALANCE: July 1, 1984            | \$ <u>-0-</u>   | \$ <u>710</u>              |
| <b>ADDITIONS</b>                      |                 |                            |
| <u>Fiscal Year 1984-85</u>            |                 |                            |
| Nonbudgeted Revenue & Transfers In    | 4,790           | 834                        |
| Support from State of Montana         | 142,731         |                            |
| <u>Fiscal Year 1985-86</u>            |                 |                            |
| Nonbudgeted Revenue & Transfers In    | 393             |                            |
| Support from State of Montana         | 139,205         |                            |
| Budgeted Revenue & Transfers In       |                 | 264                        |
| Total Additions                       | <u>287,119</u>  | <u>1,098</u>               |
| <b>REDUCTIONS</b>                     |                 |                            |
| <u>Fiscal Year 1984-85</u>            |                 |                            |
| Budgeted Expenditures & Transfers Out | 140,791         | 741                        |
| Prior Year Expenditures               | 3,689           |                            |
| Prior Year Expenditure Adjustments    | 3,040           | 500                        |
| <u>Fiscal Year 1985-86</u>            |                 |                            |
| Budgeted Expenditures & Transfers Out | 139,652         | 48                         |
| Prior Year Expenditure Adjustments    | (53)            |                            |
| Total Reductions                      | <u>287,119</u>  | <u>1,289</u>               |
| FUND BALANCE: June 30, 1986           | <u>\$ -0-</u>   | <u>\$ 519</u>              |

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 11 through 13.

COMMISSIONER OF POLITICAL PRACTICES  
SCHEDULE OF BUDGETED REVENUE & TRANSFERS IN - ESTIMATE & ACTUAL  
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1986

Service Fees

Fiscal Year 1985-86

|                      |                 |
|----------------------|-----------------|
| SPECIAL REVENUE FUND |                 |
| Estimated Revenue    | \$ 750          |
| Actual Revenue       | <u>264</u>      |
| Collections Over     |                 |
| (Under) Estimate     | \$ <u>(486)</u> |

Fiscal Year 1984-85

|                      |              |
|----------------------|--------------|
| SPECIAL REVENUE FUND |              |
| Estimated Revenue    | \$ 750       |
| Actual Revenue       | <u>834</u>   |
| Collections Over     |              |
| (Under) Estimate     | \$ <u>84</u> |

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 11 through 13.

COMMISSIONER OF POLITICAL PRACTICES  
SCHEDULE OF BUDGETED PROGRAM EXPENDITURES BY OBJECT AND FUND  
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1986

|                                   | Fiscal Year<br>1985-86<br><u>Administration</u> | Fiscal Year<br>1984-85<br><u>Administration</u> |
|-----------------------------------|---|---|
| <b>PERSONAL SERVICES</b>          |   |   |
| Salaries                          | \$104,485                                       | \$107,250                                       |
| Employee Benefits                 | <u>20,712</u>                                   | <u>21,516</u>                                   |
| Total                             | <u>125,197</u>                                  | <u>128,766</u>                                  |
| <b>OPERATING EXPENSES</b>         |   |   |
| Contracted Services               | 321   | 3,938   |
| Supplies & Materials              | 3,668   | (1,087)   |
| Communications                    | 6,307   | 5,428   |
| Travel                            | 0   | 281   |
| Rent                              | 3,095   | 3,007   |
| Repair & Maintenance              | 1,091   | 1,199   |
| Other Expenses                    | 21  | 0   |
| Total                             | <u>14,503</u>                                   | <u>12,766</u>                                   |
| <b>TOTAL PROGRAM EXPENDITURES</b> | <u>\$139,700</u>                                | <u>\$141,532</u>                                |
| <b>GENERAL FUND</b>               |   |   |
| Budgeted                          | \$144,935                                       | \$141,412                                       |
| Actual                            | <u>139,652</u>                                  | <u>140,791</u>                                  |
| Unspent Budget Authority          | <u>\$ 5,283</u>                                 | <u>\$ 621</u>                                   |
| <b>SPECIAL REVENUE FUND</b>       |   |   |
| Budgeted                          | \$ 1,284  | \$ 750  |
| Actual                            | 48  | 741   |
| Unspent Budget Authority          | <u>\$ 1,236</u>                                 | <u>\$ 9</u>                                     |

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 11 through 13.

COMMISSIONER OF POLITICAL PRACTICES

NOTES TO THE FINANCIAL SCHEDULES

FOR THE TWO FISCAL YEARS ENDING JUNE 30, 1985 AND 1986

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The state of Montana utilizes the modified accrual basis of accounting which is described in the Montana Operations Manual.

Under the modified accrual basis of accounting, a valid obligation exists when the associated liability is incurred except for the following items which are also considered valid obligations under state accounting policy:

1. System development inter-agency or intra-agency service agreements may be accrued at the end of the fiscal year in which created.
2. Equipment expenditures may be charged against the fiscal year in which budgeted.
3. Interest on long-term debt is recorded when due.
4. Obligations for employees' vested annual leave and sick leave are recorded as expenditures when paid.

Basis of Presentation

The financial schedules are prepared from the Statewide Budgeting and Accounting System (SBAS) without adjustments. The funds presented and their relationship to the state treasury fund structure are as follows:

General Fund - To account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - To account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Description of Account Groups

General Long-Term Debt Account Group - To account for general unmatured long-term indebtedness by the office, specifically compensated absences.

## 2. VACATION AND SICK LEAVE

Employees at the office accumulate both vacation and sick leave. Employees are paid for 100 percent of unused vacation and 25 percent of unused sick leave credits upon termination. Accumulated unpaid liabilities for vacation and sick leave are recorded in the General Long-Term Debt Account Group of the Commissioner of Political Practices' Office but is not presented in the financial schedules. Expenditures for termination pay currently are absorbed in the annual operational costs of the office. At June 30, 1986, the office has a liability of approximately \$7,758 for vacation leave and \$5,066 for sick leave.

## 3. GENERAL FUND BALANCE

The General Fund is a statewide fund. Agencies do not have a separate General Fund since their only authority is to pay obligations from the statewide General Fund as long as they stay within their appropriation limits. Thus, on an agency schedule, the beginning and ending fund balance will always be zero for the General Fund.

## 4. PRIOR YEAR EXPENDITURES

The office recorded valid fiscal year 1985 General Fund expenditures as prior year expenditures against the fiscal year 1984 General Fund and the 1984 Special Revenue appropriations. Had these expenditures been recorded in accordance with state accounting policy, the fiscal year 1985 General Fund operating expense appropriation would have been overspent by \$2,731, fiscal year 1985 General Fund operating expenses would have been \$15,065 rather than \$12,024, and fiscal year 1985 prior year expenditure adjustments would have been \$0 rather than \$3,040 in the General Fund and \$500 in the Special Revenue Fund.

## 5. PERS CONTRIBUTION

Employees at the office are covered by the Public Employees' Retirement System (PERS), administered by the state of Montana. Under PERS, the state contributes 6.417 percent of an employee's gross wages to PERS. All eligible employees contribute 6.0 percent of gross wages. The office's contributions to PERS were \$6,887 and \$6,703 in fiscal years 1984-85 and 1985-86, respectively.

## 6. NONBUDGETED REVENUE

The office had nonbudgeted revenue in the General Fund of \$4,790 in fiscal year 1984-85 and \$393 in fiscal year 1985-86. This revenue results from lobbyist permits in accordance with section 5-7-103, MCA.

## 7. LAWSUIT

The state of Montana and the Commissioner of Political Practices have been named in a lawsuit brought by a former employee. The suit alleges the employee was wrongfully dismissed as part of the commissioner's reorganization and reduction in force. The plaintiff is asking for general damages of \$400,000, punitive or exemplary damages of \$100,000, plus attorney fees and court costs.

AGENCY RESPONSE



COMMISSIONER OF  
POLITICAL PRACTICES



TED SCHWINDEN, GOVERNOR

DOLORES COLBURG  
1205 EAST EIGHTH AVENUE

STATE OF MONTANA

(406) 444-2942

CAPITOL STATION  
HELENA, MONTANA 59620 2401

February 24, 1987

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FEB 24 1987

MONTANA LEGISLATIVE AUDITOR

Julie Barr  
Audit Supervisor  
Office of the Legislative Auditor  
State Capitol  
Helena, Montana 59620

Dear Ms. Barr:

Enclosed is my response to the draft report of the audit that was conducted of this office for fiscal years 1985 and 1986. I trust it is in the format that you want for the final report.

Sincerely,

*Dolores Colburg*  
DOLORES COLBURG  
Commissioner

DC/kc

Enclosure



Response of the Commissioner of Political Practices to the recommendations in the financial-compliance audit of the Commissioner's office for the period July 1, 1984 through June 30, 1986.

RECOMMENDATION # 1

WE RECOMMEND THE OFFICE:

- A. CHARGE EXPENDITURES AGAINST THE PROPER FISCAL YEAR APPROPRIATION.
- B. MONITOR ITS BUDGET AND ADJUST SPENDING TO AVOID OVER-SPENDING APPROPRIATIONS.

Concur in the recommendation. Action already has been taken to assure compliance with both parts of the recommendation.

RECOMMENDATION # 2

WE RECOMMEND THE OFFICE:

- A. IF NECESSARY, SUBMIT BUDGET AMENDMENTS TO TRANSFER SPENDING AUTHORITY FROM THE GENERAL FUND TO THE SPECIAL REVENUE FUND IN ACCORDANCE WITH APPROPRIATION LAWS.
- B. ENSURE NON-GENERAL FUND MONEY IS EXPENDED BEFORE USING THE GENERAL FUND MONEYS IN ACCORDANCE WITH STATE LAW.

Concur in the recommendation. If ever necessary, appropriate budget amendments will be submitted to transfer spending authority from one fund to another in accordance with law. Action already has been taken to assure compliance with the second part of the recommendation.

RECOMMENDATION # 3

WE RECOMMEND THE COMMISSIONER SUBMIT THE REPORTS TO THE LEGISLATURE AND GOVERNOR AS REQUIRED BY STATE LAW.

Concur in the recommendation. Work already has begun on the report for fiscal year 1987.



